

But I'm here to really thank the people in the Operations Center for their hard work and their dedication to helping the people of Louisiana recover from a second major storm in a very quick period of time.

Governor, thank you for your hospitality, again. I know you've been through a lot, and I know the people of this State have been through a lot. We ask for God's blessings on them and their families.

Thank you.

Governor Blanco. Well, we want to welcome you back. I'm sorry that we brought you back under another stressful event. But we do appreciate your support. And I do want to tell you how much we appreciated watching all of the integrated forces at work as one. And as we talked, I know that it was possible to do it quickly, and to move in as one, with Federal, State, and local folks working all together.

We talked about what happens next here and how quickly we could marshal the right kind of forces again. And I think that, together, we're going to work out some very important plans that citizens of the United States can feel will work very effectively and efficiently.

Thank you.

The President. Thank you all.

NOTE: The President spoke at 12:08 p.m. In his remarks, he referred to Gov. Kathleen Babineaux Blanco of Louisiana; and Vice Adm. Thad W. Allen, USCG, U.S. Coast Guard Chief of Staff.

Remarks at the Department of Energy and an Exchange With Reporters

September 26, 2005

Energy Supply

The President. I want to thank Secretary Bodman for welcoming us here at the Energy Department; Secretary Norton. We've just had a full briefing on what we know thus far about the effects of Hurricane Rita on the energy situation in the Gulf of Mexico.

A lot of our production comes from the gulf, and when you have a Hurricane Katrina followed by a Hurricane Rita, it's natural, unfortunately, that it's going to affect supply. There's about 1.56 million barrels of oil that

is shut in. And before Rita, just to put that in perspective, that was approximately 880,000 barrels a day that was shut in due to Katrina, so that when you really look on a map you have, if you follow the path of Katrina and the path of Rita, it pretty much covers a lot of the production in the Gulf of Mexico.

Right now the producing companies are assessing damage to the platforms and rigs. It's important for our people to know that we understand the situation and that we're willing to use the Strategic Petroleum Reserve to mitigate any shortfalls in crude oil that could affect our consumers. And I've instructed the Secretary of Energy to be mindful once again about the effects of the SPRO and how it can help settle price. He did a fine job after Katrina, and we're paying close attention to the markets as we speak.

Secondly, gasoline prices, obviously, are on our mind, and so we've watched very carefully the assessments done on the refining—the refineries there on the gulf coast. There are a lot of—a lot of gasoline refineries in the Houston area, in the Beaumont area, in the Port Arthur area, as well as Lake Charles, and the Louisiana area. There was about 5.4 million barrels per day that were shut in as a result of Rita and Katrina. A million of it is back up already, and we expect another 1.8 million barrels a day to get back on line relatively quickly because the storm missed a lot of refining capacity down the Texas coast.

We don't know yet about 1.7 million barrels a day that were located right in the path of Rita. And the Secretary has got his people in contact with the energy companies to find out exactly what we have to deal with. About 900,000 barrels a day are still shutdown as a result of Katrina. For those of you who went with me to the Chevron plant in Pascagoula, Mississippi, might remember the size of that facility and the scope of the damage it had sustained. They're working hard to bring these plants back up.

The other thing that's going to affect the ability for people to get gasoline is, of course, the pipelines. In other words, you manufacture the gasoline in a refinery, and you have to ship it across the country. There's three of the four major gasoline pipelines—three

of the four pipelines in the affected area are major gasoline pipelines that supply the Midwest and the east coast.

The Plantation Pipeline, which is an east coast pipeline, is at 100-percent capacity. That's one of the real success stories of this storm. In other words, it didn't go down at all. Colonial, which sends gasoline up to the Midwest, is at 52-percent capacity. It will soon be about 70 percent and should be at 100 percent by the end of the week. The Explorer in the Midwest, sending gas to the Midwest, is at 67-percent capacity, should be at 100 percent next week. The Capline, which sends gasoline to the Midwest as well—it's a major crude pipeline, by the way, that sends crude to be refined in the Midwest—will be at about 75-percent capacity now, and obviously they're going to do everything they can to get it up to capacity.

My point is, is that the storm affected the ability to get gasoline to markets. I know the Governors of Florida and Georgia have done some creative things to try to anticipate what will be a temporary problem. Governor Perdue of Georgia I thought did a—showed some leadership by saying we've got to—anticipating a problem, "Here's what we need to do to correct it."

There's going to be some, by the way, and here's what we have done and will continue to do. We have suspended certain EPA winter-blend rules so that it makes it easier to import gasoline from overseas. In other words, there's a supply of gasoline in Europe, and by suspending these rules, it's a lot more likely to be able to get gasoline into our markets. And so while there's a shortfall because of down refining capacity, we will work with—we have instructed EPA to leave the rules in place—or to suspend the rules that were in place, keep the suspension in place, which would make it easier to increase supply and continue to get supply of gasoline here. And that's important for our consumers to know.

In Houston, the challenge in Houston, as I understand it, is to get drivers and trucks into Houston so they can deliver gasoline to the retailers. And the Secretary is working with the local authorities there to help do anything we can to help get that done so that people in that big city will be able to get

some gasoline. Beaumont, Port Arthur are still under assessment. We're not sure yet the full extent of the damage.

I'll be going down there in the area tomorrow, and by then there will be a pretty clear assessment. I look forward to dealing with local—talking to local leaders about what—the situation and the problems they face.

Let me repeat, we'll use the Strategic Petroleum Reserve to help refineries with crude oil. We will continue the waivers to allow the winter blends of fuel to be used throughout the country. We will continue to waiver that—to allow broader use of diesel fuel, because we understand there's been a disruption in supply, and we want to make sure that we do everything we can to help with the supply disruption.

The Homeland Security waived the Jones Act on restrictions on fuel transportation. We're allowing foreign-flag ships to temporarily transport fuel from one U.S. port to another. That's going to be important for expediting supply to deal with bottlenecks. We will continue that waiver. The Treasury and IRS announced that dyed diesel fuel for off-road use would be allowed on on-road use without penalty. In other words, we're taking action to help deal with the shortfall caused by Katrina and Rita.

Two other points I want to make is, one, we can all pitch in by using—by being better conservers of energy. I mean, people just need to recognize that the storms have caused disruption and that if they're able to maybe not drive when they—on a trip that's not essential, that would be helpful. The Federal Government can help, and I've directed the Federal agencies nationwide—and here's some ways we can help. We can curtail nonessential travel. If it makes sense for the citizen out there to curtail non-essential travel, it darn sure makes sense for Federal employees. We can encourage employees to carpool or use mass transit. And we can shift peak electricity use to off-peak hours. There's ways for the Federal Government to lead when it comes to conservation.

And finally, these storms show that we need additional capacity in America. We need additional refining capacity, for example, to be able to meet the needs of the American people. The storms have shown

how fragile the balance is between supply and demand in America. I've often said one of the worst problems we have is that we're dependent on foreign sources of crude oil, and we are. But it's clear as well that we're also really dependent on the capacity of our country to refine product, and we need more refining capacity. And I look forward to working with Congress, as we analyze the energy situation, to expedite the capacity of our refiners to expand and/or build new refineries.

It is clear that when you're dependent upon natural gas and/or hydrocarbons to fuel your economy and that supply gets disrupted, we need alternative sources of energy. And that's why I believe so strongly in nuclear power. And so we've got a chance, once again, to assess where we are as a country when it comes to energy and do something about it. And I look forward to working with Congress to do just that.

I'll be glad to answer a couple of questions. Nedra [Nedra Pickler, Associated Press].

Race, Poverty, and the Hurricanes

Q. Thank you, Mr. President. I want to ask you about a different result of these storms, and that is the racial divide that's been exposed in this country. Blacks and whites feel very differently about what happened. We all recognize that the response to Rita was much better than the response to Katrina, but there are some strong feelings in the black community that that difference had a racial component to it, that the white, you know, rural residents got taken care of better than the black urban residents did. How do you respond to that?

The President. Well, I think about Houston, my own hometown of Houston, which is an incredibly diverse city. And we had what looked like a category 5 hurricane headed right for Houston, and the Federal, State, and local officials worked together to warn the citizens of the impending storm. The message wasn't sent to one group of people; it was sent to the entire city. I mean, Texas is a diverse State. The rural part of Texas you're talking about has got a significant African American component to it. But I can assure you that the response efforts, and now the recovery efforts, are aimed at—aimed at

saving everybody. And the response was directed toward everybody.

I think that what a lot of Americans saw was a—some poverty that they had never imagined before. And we need to address that, whether it be rural or urban. And I have done that as the President. I have said that education systems that simply shuffle children through are—can be discriminatory in nature. And therefore, we've got to have high standards and high expectations and focus money on Title I children to teach—so that children can learn to read. And we're beginning to make progress.

I have said that ownership is a way to counter poverty and being stuck in impoverished situations, and so homeownership is up. And business ownership is up amongst minorities. I have said that the faith-based programs are more likely able to address some of the hopelessness of people and therefore have empowered faith-based programs to interface with people. We've promoted mentoring programs for children whose parents might be in prison, as a way to help provide hope for people.

But this is an issue that this country must continue to address. Poverty is an issue that's an important issue, and poverty exists in New Orleans, Louisiana, and it exists in rural Texas, and it needs to be addressed in a significant way.

Toby [Tabassum Zakaria, Reuters].

New Supreme Court Nomination

Q. Mr. President, now that Judge Roberts is heading for confirmation, how close are you to choosing your second nominee for the Supreme Court? And how much of a factor is diversity going to be?

The President. First of all, I will—I'm cautiously optimistic about Judge Roberts' vote in the Senate. I will—he's done a fantastic job of showing the Senate and the American people he's not only a brilliant person but a decent person with a great heart. And so I await confirmation and hope it goes well. It looks like it might.

Your question indicated that it looked like it was headed in the right direction. I will withhold judgment until the Senate exercises their consent, part of the advice-and-consent relationship with the White House.

I have interviewed people from—in the past and thought about people from all walks of life. And I will put the person in to do the job. But I am mindful, you know, that diversity is one of the strengths of the country.

Any other questions? Yes.

Federal Response to Disasters

Q. Thank you. In suggesting that the Department of Defense might become the first-responder in catastrophic disasters, are you not conceding that the Department of Homeland Security is not up to the task?

The President. Oh, no, no let me—I appreciate you asking that question. One of the reasons I went out to NORTHCOM was to see the operations there, to look at how well organized NORTHCOM is, to listen to them talk about lessons learned from a major storm like Katrina, to think about ways for our country to properly respond to a catastrophic event, whether it be a natural catastrophic event or perhaps a terrorist attack.

And what I want the discussion to—I want there to be a robust discussion about the best way for the Federal Government, in certain extreme circumstances, to be able to rally assets for the good of the people. I don't want to prejudge the Congress's discussion on this issue, because it may require change of law.

But I do want them to think about a circumstance that requires a lot of planning and a lot of assets immediately on the scene in order to stabilize. And so what I was speculating about was a scenario which would require Federal assets to stabilize the situation, primarily DOD assets—DOD assets, and then hand back over to Department of Homeland Security, for example. And I think it's very important for us as we look at the lessons of Katrina to think about other scenarios that might require a well-planned, significant Federal response right off the bat to provide stability. That's what I was talking about.

Kuwaiti Oil Proposal/New Domestic Refineries

Q. Mr. President, you had mentioned refining capacity. I'd like to ask you about an offer from the Kuwaiti oil minister, who has said that he is willing to offer to build a ca-

capacity—a refining capacity in the U.S. It would be the first time in about 30 years. Says he's asked for White House assistance—assistance getting permits and Federal support and so forth. What do you think of a proposal like that?

The President. I am for increasing supply, because I understand when the more supply there is of a product, that will take pressure off of price. I haven't seen this specific proposal. But I've also talked to U.S. refiners who have said, "We'd like to expand onsite, but the amount of paperwork necessary to do so is staggering." The issue of New Source Review, for example, is one that we've reviewed and said that, for the sake of, in this case, the expeditious expansion—and wise and careful expansion—of refining capacity, we ought to look at those rules and regulations. And yet we're back in court.

And so I think if you take a good look at what it means to build a refinery or expand a refinery, you'll find there's a lot of regulations and paperwork that are required, thereby delaying the capacity for more product to come on to the market and discouraging people from doing—building refineries. That's why we haven't had one since 1970-something.

So it's an interesting offer, and we'll, of course, look at it. The first thing we need to look at is how to encourage people to do just that without getting—without all kinds of time being taken up through the bureaucratic hurdles.

Okay, thank you—yes, ma'am.

Reconstruction

Q. Some have called for the continued idea of the reconstruction czar. Has your administration reconsidered having someone in charge, a Federal person of the—

The President. Yes, "reconsidered" means we've ruled it out. I never have. I'm considering. "Reconsidered" means at some point in time, I decided not to have that. But I think the idea of having a Federal interface with local folks might be—might be a good idea.

First things first, however. Remember in my speech in New Orleans, I strongly said that this reconstruction vision ought to be a local vision. And if you might remember,

the other day I went down to Mississippi and was with Governor Barbour and Jim Barksdale—he was the founder of Netscape, a local business guy who has put together a group of distinguished citizenry to help plan what south Mississippi ought to look like. And we'll see what else emerges—comes from that idea in Louisiana.

But the idea is, once these groups get up and running, they're going to have to interface with the Federal Government. And so I'm considering how best to balance the need for local vision and Federal involvement.

Now, there's going to be a lot of Federal involvement because we're going to spend money—wisely, I might add. And so it's an idea that I'm still considering. And I want to watch—because the reason why I'm comfortable about saying “still considering” is because we're still recovering. And we've got a lot of work to do to recover. I mean, when I go down to Mississippi, I appreciate the vision that they're beginning to think about, but my first priority was to help those local folks remove debris. And then the next question is, what do we do with the debris once it's removed? And there's a lot of immediate needs.

If I were to go down to New Orleans today—I'm not—if I were, I'd be talking to the mayor; I'd be interested in the vision—but I'd be more interested in how we're going to get that water out of the 9th ward. And so I'm now interested—the next step of the recovery is how to get temporary housing in place, to get workers back so that jobs can get cranked up again.

In terms of Texas, when it comes to where my thought process is now, I'm interested in getting electricity to people and gasoline to people. But the vision element of reconstruction is just beginning, and there may be a need for an interface with a particular person to help make sure that the vision becomes reality. It's a long answer to a short question.

Thank you all. Appreciate it.

NOTE: The President spoke at 10:59 a.m. in the Emergency Operations Center at the U.S. Department of Energy. In his remarks, he referred to Gov. Jeb Bush of Florida; Gov. Sonny Perdue of Georgia; Gov. Haley Barbour of Mississippi;

James L. Barksdale, chairman, Governor Barbour's Commission on Recovery, Rebuilding, and Renewal; and Mayor C. Ray Nagin of New Orleans, LA. A reporter referred to Minister of Energy and Oil Ahmad Fahd al-Ahmad Al Sabah of Kuwait.

Memorandum on Energy and Fuel Conservation by Federal Agencies

September 26, 2005

Memorandum for the Heads of Executive Departments and Agencies

Subject: Energy and Fuel Conservation by Federal Agencies

Residents of the Gulf Coast States affected by Hurricanes Katrina and Rita have lost loved ones, lost homes, and been displaced from their communities. The Federal Government will continue to assist victims of the hurricanes. Our priority is first to save, sustain, and protect lives and then to restore important infrastructure needed for recovery.

A key component of this Administration's hurricane response plan is to ensure that sufficient supplies of natural gas, gasoline, and diesel fuel are available throughout the country, including in those areas hardest hit by the hurricane, as well as in those areas served by refineries and pipelines originating in the affected areas. Already we have made available oil from the Strategic Petroleum Reserve (SPR) to refineries that are short on supplies of crude oil, and we will continue to monitor this situation and the use of the SPR. The Department of Energy has deployed personnel and is working with local power companies, local authorities, and State authorities to help get electricity functioning and to ensure the repair and continuity of oil and gas pipelines that may have been affected by power outages. In addition, the Environmental Protection Agency has issued temporary fuel waivers under the Clean Air Act, and the Department of Transportation has suspended “hours of service” rules for fuel tanker trucks to make additional supplies of gasoline and diesel fuel available in those